

Industrials

INDUSTRY REPORT

Spring | 2023

CREATING
M&A STRATEGIES
FOR BUSINESS OWNERS

SINCE 1956

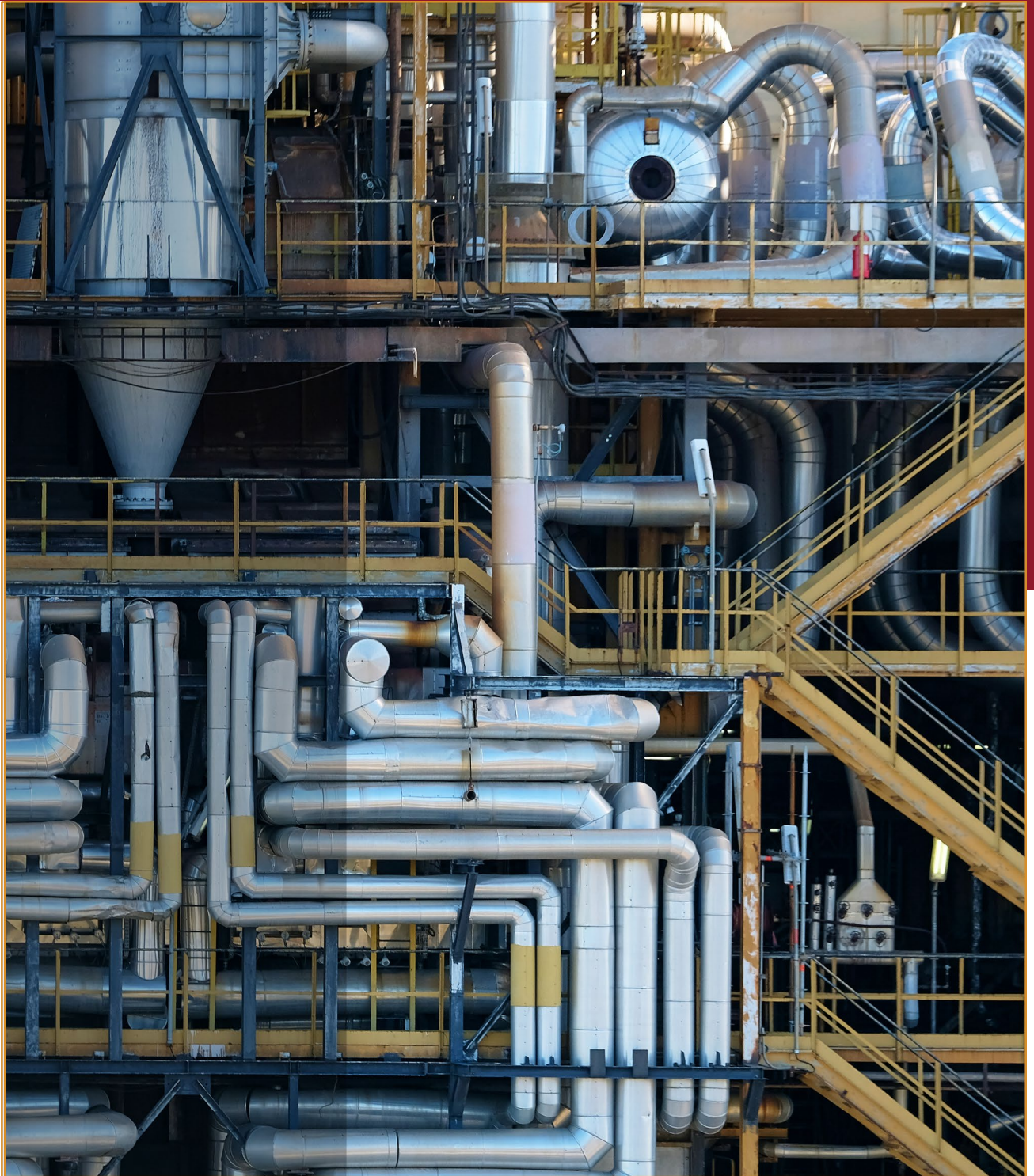




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Market Observations

Market Summary

Industrials Market

In 2022, industries worldwide displayed consistent strength, building on the momentum gained after the pandemic. The industrial sector experienced stable growth rates of around 3.0% - 4.0% throughout the year, up until Q4 of 2022, when the growth rate significantly dropped to 1.5%, according to a report published by the United Nations Industrial Development Organization (UNIDO). The decline in growth during Q4 of 2022 was due to high energy prices, inflationary pressure, rising interest rates, and persistent disruptions in the supply chain of raw materials and intermediate products. Industrial activity showed signs of recovery during Q1 of 2023, especially due to a revival in economic sentiment and lower energy prices. Oil prices dropped by almost 38.0% between June 2022 and March 2023, as per Organization for Economic Co-operation and Development's (OECD's) Economic Outlook Report. The unexpected early reopening of the Chinese economy played a significant role in the recovery of industrial activity. Despite early signs of recovery, the path to full recovery for the US industrial sector remains challenging and protracted, especially for sectors with complex multinational supply chains. The early recovery has been led by a handful of subsectors, such as electrical equipment and components, while many key sectors have continued to face headwinds. The segments that have lagged are expected to take another couple of quarters or so to return to growth, implying that a broad-based growth of the industrial sector might only be witnessed in late 2023.

Public Company Valuations

The CFA Select Industrials Index increased by 9.4% in the first quarter of 2023, and the 12 months return on the Index was up 8.6%. Our index for each of the subsectors of Industrials increased in the first quarter of 2023 except Heavy Machinery, which decreased by 3.7%. Diversified Industrials had the highest increase of 16.8% in the first quarter of 2023. Electrical Products had the highest median revenue & EBITDA multiple with 3.2x and 18.2x, respectively. Specialty Chemicals had median revenue and EBITDA multiples of 2.1x and 11.1x, while Diversified Industrials had median revenue and EBITDA multiples of 2.2x and 15.8x, respectively. Tool & Hardware Manufacturing had median revenue multiples of 1.2x with median EBITDA multiples of 11.6x, respectively. Building Products, Heavy Machinery and Automotive Parts had median revenue multiples of 1.7x, 1.5x & 0.8x and median EBITDA multiples of 9.4x, 11.8x & 8.2x, respectively.



The public industrials market increased significantly in the first quarter of 2023...

Mergers and Acquisitions

In 2022, the M&A landscape experienced significant fluctuations. While the first half of 2022 witnessed strong deal activity, continuing 2021's momentum, the second half of 2022 witnessed a sharp decline. M&A activity in the industrial sector got off to a slow start in 2023 as investors followed a cautious and disciplined approach. But it is expected to pick up rapidly in the second half of the year with several macroeconomic and geopolitical pressures expected to ease. M&A activity in the second half of the year is likely to be led by acquirers with strong balance sheets as tight credit conditions and high interest rates continue to exert downward pressure on deal volumes. Businesses are expected to focus on acquisitions to gain access to new technology and service capabilities, or to enhance scale efficiencies through consolidation. Divestitures are also likely to increase in the second half of 2023 with companies seeking to create liquidity and prune out less-profitable, non-core divisions. Meanwhile, the focus on enhancing the resilience of the supply chain is also likely to drive M&A activity. Private equity firms with significant dry powder are likely to play a pivotal role in driving up M&A activity, especially with several Industrial subsectors now becoming ripe for consolidation.

Industry Trends

Optimizing Equipment Performance with Predictive Resolution

Predictive maintenance analyzes equipment performance data to identify anomalies and their underlying causes. Predictive resolution takes this approach a step further, providing technicians with insights to resolve issues with greater certainty. This improves equipment efficiency, reduces costs, and enhances the first-time fix rate for manufacturers. With advancements in predictive technology, predictive maintenance is becoming more affordable and accessible. Manufacturers are using digital twin technology to remotely monitor machine performance and identify bottlenecks, leading to improved process efficiency. Digital twin applications could be extended to the enterprise level, allowing manufacturers to model entire processes and connections. Overall, manufacturers would be able to utilize it in conjunction with the Industrial Internet of Things to optimize production assets and customer equipment, identifying anomalies and resolving issues proactively to minimize unplanned downtime and extend the machinery's lifespan.

Increased Application of Embedded Metrology

Embedded Metrology is a new and highly accurate method of quality control that minimizes human intervention during the manufacturing process. The integration of automated measuring and monitoring systems into the production process is expected to improve quality control on the factory floor. For example, G²Métric, which deals in the measurement system design for Airbus, utilized embedded metrology to measure and adjust the parts during the assembly of Airbus planes. As a result, the parts fit better, which is crucial for ensuring the safety and reliability of the aircraft. As manufacturing shop floors become smarter and more connected, measurement systems are likely to transform. To reduce bottlenecks and supply delays, operations in the value chain are likely to be positioned closer together, allowing for real-time tracking starting from the raw material stage to the packaging stage, ultimately resulting in improved product quality and customer satisfaction.



Revolutionizing 3D Printing with Simulation

Simulating the entire manufacturing process, starting from the design phase all the way through to the final production stage, can greatly alleviate the challenges currently faced in 3D printing in the industrial sector. Presently, additive manufacturing is heavily reliant on trial and error, resulting in a costly and time-consuming development process as industries must continually tweak the system until it reaches perfection. However, the ability to make accurate predictions regarding how parts will behave through simulation can significantly reduce errors and expenses and would help to unlock the full potential of 3D printing in industry. Moreover, the application of manufacturing simulation is not limited to validating new production methods at the early stages of the product lifecycle. It can also be utilized to analyze existing facilities or processes, identify inefficiencies, and assess the impact of introducing new equipment, materials, or other changes. Manufacturers are expected to invest around \$2.6 billion in simulation software by 2030, which is almost double the \$1.2 billion invested in 2018 at a CAGR of 6.7%, as per a report published by Global Newswire. These investments in simulation software are indicative of the growing recognition of its benefits and potential to revolutionize the manufacturing industry.

Significant News

Venture One, DRA Team Up on \$369M Industrial Play

Moliving, March 27, 2023

“Venture One Real Estate has cashed out of a huge industrial portfolio concentrated in the Chicago area by bringing in DRA Advisors on a joint venture that’s acquiring the properties for \$369 million. The venture acquired 54 properties, amassing 2.8 million square feet, from a Venture One investment fund, which has now liquidated five of six investment funds along with partner company Kovitz Investment Group, Crain’s reported.”

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Dow and X-energy Advance Efforts to Deploy First Advanced Small Modular Nuclear Reactor at Industrial Site under Doe’s Advanced Reactor Demonstration Program

Dow, March 01, 2023

“Dow (NYSE: DOW), the world’s leading materials science company, and X-Energy Reactor Company, LLC (“X-energy”), a leading developer of advanced nuclear reactors and fuel technology for clean energy generation, announced today their entry into a joint development agreement (“JDA”) to demonstrate the first grid-scale advanced nuclear reactor for an industrial site in North America.”

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LONGi Solar Panel Manufacturing Coming to Ohio Via Invenergy Joint Venture

Solar Builder, March 01, 2023

“Solar developer, owner, and operator Invenergy just made a big investment in the domestic solar PV market — more than \$600 million (through Illuminate USA) for a 5 GW facility that will manufacturer LONGi solar modules, the world’s top producer of PV by volume. Construction is slated to begin in April of this year. That 5 GW capacity represents almost 50% of total U.S. utility-scale solar installations from 2022. Once operational, the Illuminate USA LONGi facility will house at least 850 employees.”

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M&A Metrics

Industrials Industry

The M&A activity in the Industrials sector decreased in Q1 2023. The number of M&A transactions in the Industrials sector decreased from 876 in Q4 2022 to 760 in Q1 2023. The number of sub-\$50 million transactions decreased from 792 in Q4 2022 to 716 in Q1 2023. The number of transactions above \$100 million decreased from 56 in Q4 2022 to 33 in Q1 2023. The total number of M&A transactions year on year decreased 30.1% from 1,087 in Q1 2022 to 760 in Q1 2023.



M&A Deal Summary Table | Count by Deal Size over Time

Transaction Value	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Not Disclosed	407	554	737	862	730	813	963	809	772	678	620	591
Under \$10 MM	86	125	125	100	100	129	159	128	118	120	105	85
\$10 - \$25 MM	31	43	57	47	56	54	55	37	40	25	38	22
\$25 - \$50 MM	29	39	42	28	39	27	52	34	36	36	29	18
\$50 - \$100 MM	17	20	33	24	34	32	38	18	26	19	28	11
\$100 - \$500 MM	15	27	40	48	41	54	51	47	42	37	40	23
\$500 MM+	5	18	22	26	19	26	27	14	25	19	16	10
Total Transactions	590	826	1,056	1,135	1,019	1,135	1,345	1,087	1,059	934	876	760

Source: FactSet

Industry Metrics

Industry Financial Data and Ratios

NAICs 3326 - Spring and Wire Product Manufacturing

Financial Metric	Last12 Mo	2022	2021
Current Ratio	3.38	3.23	4.69
Gross Profit Margin	27.61%	27.58%	30.04%
Net Profit Margin	9.77%	9.33%	9.43%
Accounts Receivable Days	53.73	51.6	48.97
Accounts Payable Days	36.03	35.35	37.69
Debt-to-Equity Ratio	1.53	1.41	1.2
Return on Equity	36.16%	37.26%	34.55%
Sales per Employee	\$155,688	\$155,688	\$139,753
Profit per Employee	\$21,323	\$21,323	\$8,787
Sales Growth	27.17%	26.50%	27.16%
Profit Growth	47.29%	40.00%	54.40%

NAICs 3339 - Other General Purpose Machinery Manufacturing

Financial Metric	Last12 Mo	2022	2021
Current Ratio	3.54	3.51	3.81
Gross Profit Margin	41.44%	40.49%	40.69%
Net Profit Margin	9.05%	8.10%	8.45%
Accounts Receivable Days	59.29	56.48	52.08
Accounts Payable Days	43.41	43.05	42.52
Debt-to-Equity Ratio	1.85	1.93	2.28
Return on Equity	39.13%	38.67%	43.47%
Sales per Employee	\$251,613	\$251,613	\$206,241
Profit per Employee	\$23,857	\$23,857	\$18,908
Sales Growth	19.54%	20.78%	14.68%
Profit Growth	12.70%	13.64%	26.88%

Source: Profit Cents

NAICs 4237 - Hardware, Plumbing, Heating Equip. & Supplies Merchant Wholesalers

Financial Metric	Last12 Mo	2022	2021
Current Ratio	3.19	3.05	3.26
Gross Profit Margin	30.10%	29.87%	30.31%
Net Profit Margin	8.54%	8.33%	6.89%
Accounts Receivable Days	48.13	47.13	42.43
Accounts Payable Days	44.18	45.29	43.9
Debt-to-Equity Ratio	2.1	2.1	1.84
Return on Equity	51.42%	51.54%	46.76%
Sales per Employee	\$639,421	\$698,664	\$532,808
Profit per Employee	\$71,166	\$73,388	\$47,427
Sales Growth	21.37%	21.56%	19.65%
Profit Growth	41.80%	44.73%	62.02%
	3.36	3.41	3.08

NAICs 3359 - Other Electrical Equipment and Component Manufacturing

Financial Metric	Last12 Mo	2022	2021
Current Ratio	2.97	3.12	3.91
Gross Profit Margin	32.58%	32.93%	37.17%
Net Profit Margin	10.27%	9.40%	10.00%
Accounts Receivable Days	42.78	43.54	46.07
Accounts Payable Days	49.69	47.41	49.76
Debt-to-Equity Ratio	1.38	1.46	1.89
Return on Equity	50.67%	53.47%	51.43%
Sales per Employee	--	--	\$466,506
Profit per Employee	\$52,167	\$52,167	\$53,944
Sales Growth	9.61%	11.06%	17.79%
Profit Growth	15.64%	18.12%	33.28%

Industry Metrics

Industry Financial Data and Ratios

NAICs 4246 - Chemical and Allied Products Merchant Wholesalers

Financial Metric	Last12 Mo	2022	2021
Current Ratio	2.69	2.7	2.92
Gross Profit Margin	29.91%	30.72%	33.84%
Net Profit Margin	9.33%	9.08%	6.51%
Accounts Receivable Days	50.01	50.67	48.29
Accounts Payable Days	43	42.6	51.14
Debt-to-Equity Ratio	2.05	2	2.15
Return on Equity	47.60%	44.51%	49.04%
Sales per Employee	--	--	\$870,713
Profit per Employee	\$500,482	\$500,482	\$104,041
Sales Growth	36.56%	36.62%	28.84%
Profit Growth	16.43%	22.59%	55.47%

NAICs 4238 - Machinery, Equipment, and Supplies Merchant Wholesalers

Financial Metric	Last12 Mo	2022	2021
Current Ratio	3.33	3.29	3.32
Gross Profit Margin	30.13%	29.80%	29.11%
Net Profit Margin	8.35%	8.14%	6.83%
Accounts Receivable Days	47.6	46.29	42.67
Accounts Payable Days	44.84	45.21	43.04
Debt-to-Equity Ratio	1.94	1.88	2.23
Return on Equity	44.29%	42.93%	45.53%
Sales per Employee	\$650,249	\$638,978	\$592,997
Profit per Employee	\$42,296	\$42,540	\$46,219
Sales Growth	23.47%	23.60%	17.20%
Profit Growth	32.76%	33.53%	40.38%

Source: Profit Cents



Transaction Highlights

Notable Transactions



In March 2023, **Japan Industrial Partners Inc (JIP)** agreed to acquire **TOSHIBA Corp** for JPY2 trillion (US\$15.1 billion) in cash, via tender offer. To fund the acquisition, JIP will organize to implement a capital increase through a third-party allotment of common shares and preferred shares to investors; and will organize a term loan, including senior loan and mezzanine loans from financial institutions and investors. TOSHIBA Corp is located in Tokyo, Japan and manufactures industrial, commercial and consumer electronics and energy products.



In March 2023, a private group led by **Apollo Management LP** and **Abu Dhabi Investment Authority** has entered into a definitive merger agreement to acquire **Univar Solutions Inc** for US\$5.6 billion in cash. The transaction will be funded through equity provided by the Apollo Funds, Abu Dhabi Investment Authority, and a committed debt financing. Univar Solutions Inc is located in Downers Grove, Illinois, United States and distributes industrial chemicals and provides warehousing services.



In March 2023, **Plum Acquisition Corp I** entered into a definitive agreement to acquire **Sakuu Corp** for US\$612.6 million in stock, via reverse takeover. Following the transaction, Sakuu Holdings Inc, name of the combined company, is expected to be listed on US national exchange under the ticker symbol SAKU with Sakuu Corp owning 79% of the combine entity. Founded by Robert Bagheri in 2016, Sakuu Corp is located in Santa Clara, California, United States and manufactures revolutionary solid-state batteries.



In February 2023, **LKQ Corp** entered into a definitive agreement to acquire **Uni-Sélect Inc** for CAD2.1 billion (US\$1.5 billion) in cash, by way of a plan of arrangement. LKQ Corp will fund the transaction through a combination of cash on hand and bridge financing commitments from Bank of America and Wells Fargo. The acquisition expands LKQ Corp's global automotive vehicle parts distribution business and is expected to be accretive to its adjusted earnings per share in the first year following the deal's closing. Uni-Sélect Inc is located in Boucherville, Québec, Canada and distributes automotive replacement parts, equipment, tools, and accessories.

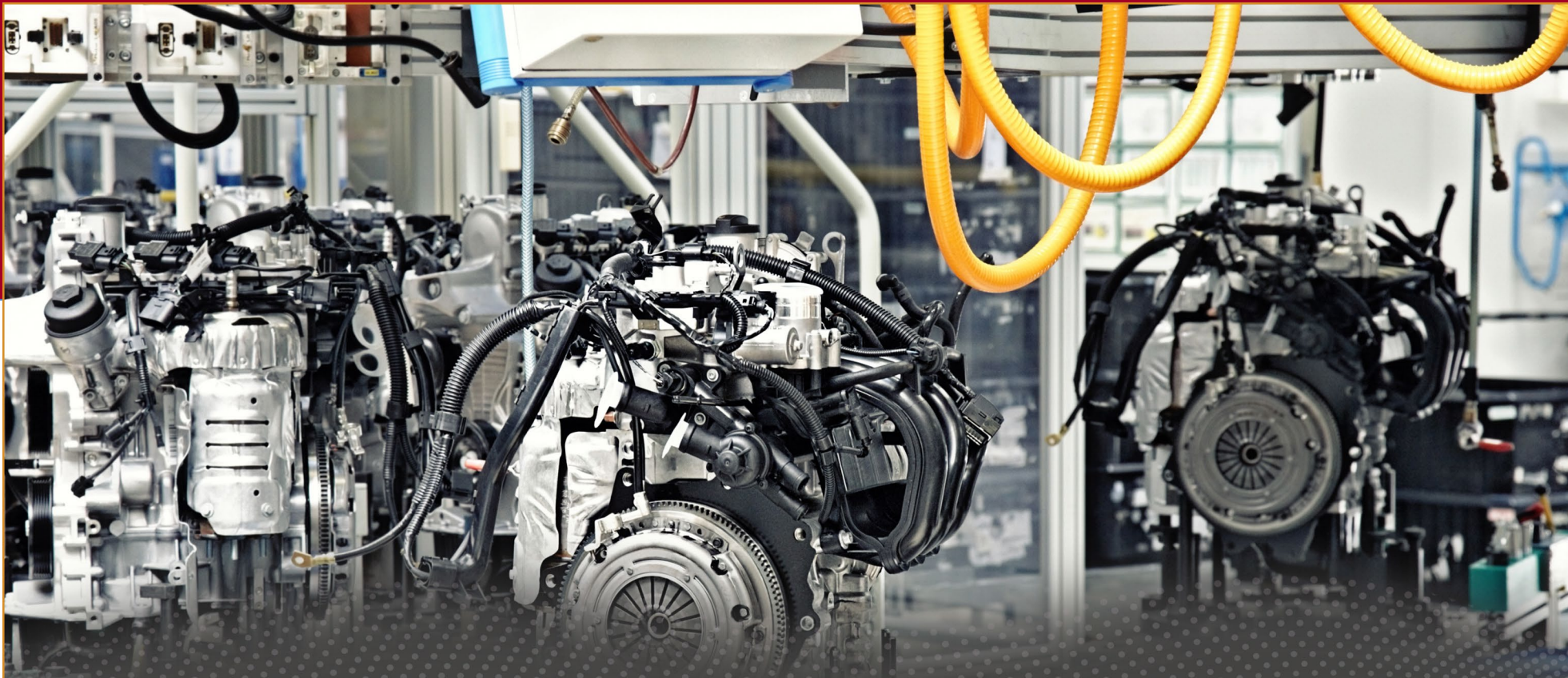


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Select M&A Transactions

Date	Target Name	Acquirer Name	Enterprise Value (MM)	Revenue	EBITDA
03/24/23	TIM SA	Adolf Würth GmbH & Co. KG	280	340	37
03/23/23	TOSHIBA Corp.	Japan Industrial Partners, Inc.	16,665	26,050	1,699
03/14/23	Univar Solutions, Inc.	Apollo Management LP; Abu Dhabi Investment Authority (Private Equity); Univar Solutions, Inc. /Private Group/	7,987	11,475	1,012
03/08/23	Zero Nox, Inc.	The Growth For Good Acquisition Corp.	306	NA	NA
03/06/23	Giovanni Bozzetto SpA	Aimia, Inc.; Craton Equity Partners LLC	348	326	47
03/02/23	Sakuu Corp.	Plum Acquisition Corp. I	613	NA	NA
02/27/23	Uni-Sélect, Inc.	LKQ Corp.	1,852	1,731	162
02/20/23	Advanced Cables	Disruptive Capital Acquisition Co. Ltd.	431	NA	NA
02/19/23	SAS Autosystemtechnik GmbH	Samvardhana Motherson Automotive Systems Group BV	576	955	110
02/16/23	Honeycomb Battery Co.	Nubia Brand International Corp.	955	NA	NA
02/13/23	Sves Apparel LLC	Relativity Acquisition Corp.	632	NA	NA
02/13/23	CIECH SA	KI Chemistry SARL	859	1,134	165
02/06/23	RusVinyl LLC	SIBUR Holding JSC	940	NA	NA
02/02/23	Nissin Electric Co. Ltd.	Sumitomo Electric Industries Ltd.	1,026	1,076	170
02/01/23	VESTA Housing Solutions LLC	McGrath RentCorp	400	129	40
01/31/23	Lotus Technology, Inc.	L Catterton Asia Acquisition Corp.	5,581	NA	NA
01/23/23	Evoqua Water Technologies Corp.	Xylem, Inc.	7,308	1,807	276
01/03/23	Horizon Global Corp.	First Brands Group LLC	403	675	-27

(\$ in millions) Source: Factset



Public Companies

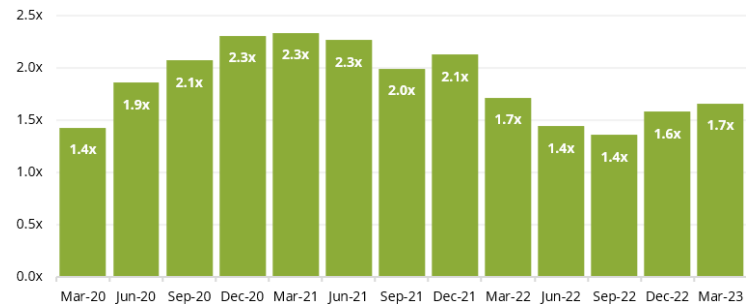
Industry Performance

CFAW Select Industrials Index

CFAW Select Industrials Index | Median EBITDA Multiples

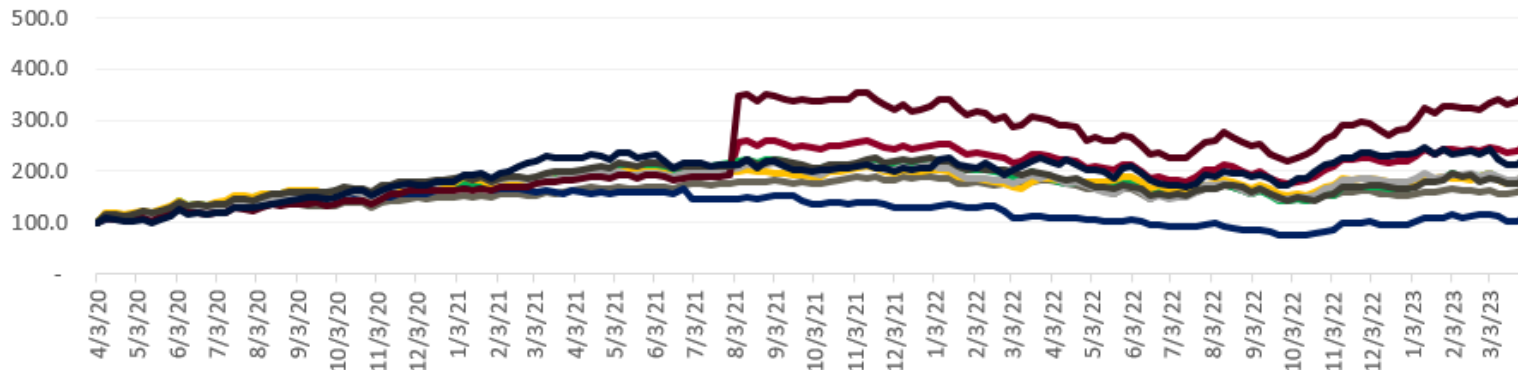


CFAW Select Industrials Index | Median Revenue Multiples



- Select CFAW Select Industrials Index
- CFAW Selected Automotive Parts Index
- CFAW Selected Specialty Chemicals Index
- CFAW Selected Diversified Industrials Index
- CFAW Selected Heavy Machinery Index

- S&P 500
- CFAW Selected Building Products Index
- CFAW Selected Electrical Products Index
- CFAW Selected Tool & Hardware Manufacturing Index

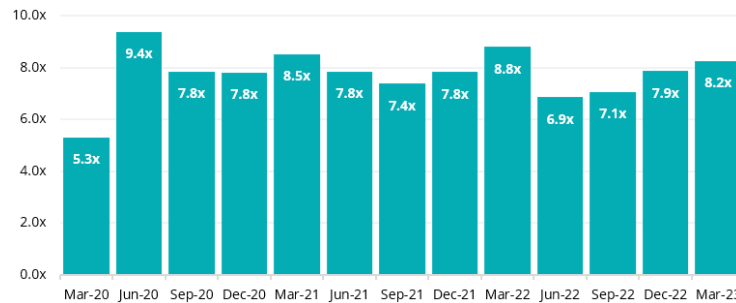


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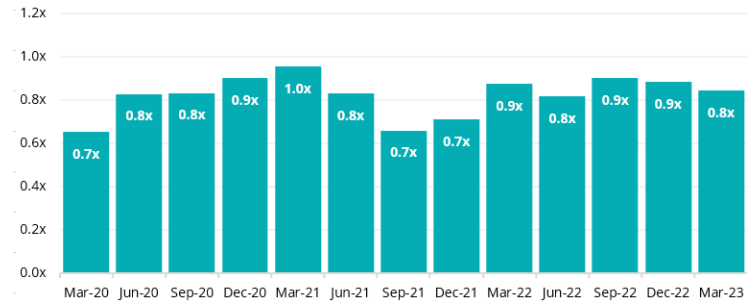
Public Comparables

Automotive Parts

Automotive Parts | Median EBITDA Multiples



Automotive Parts | Median Revenue Multiples



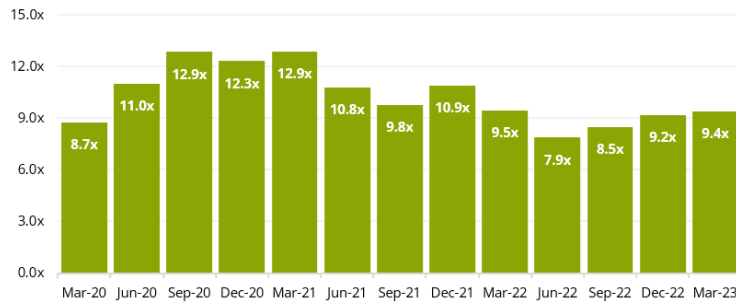
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Modine Manufacturing Company	\$23.05	52	\$1,201	\$1,566	\$2,255	\$206	0.7x	7.6x
Exide Industries Limited	\$2.17	850	\$1,841	\$1,747	\$1,894	\$197	0.9x	8.9x
Sundaram-Clayton Ltd.	\$45.75	20	\$926	\$3,118	\$4,071	\$521	0.8x	6.0x
Knorr-Bremse AG	\$66.58	161	\$10,732	\$12,296	\$7,514	\$1,081	1.6x	11.4x
Mean				\$4,682	\$3,849	\$468	1.0x	8.5x
Median				\$2,433	\$3,569	\$401	0.8x	8.2x

Source: FactSet

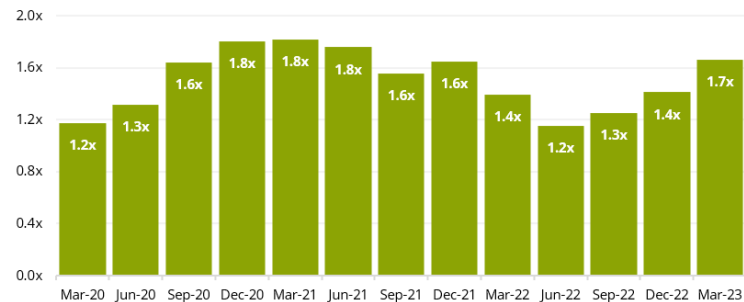
Public Comparables

Building Products

Building Products | Median EBITDA Multiples



Building Products | Median Revenue Multiples



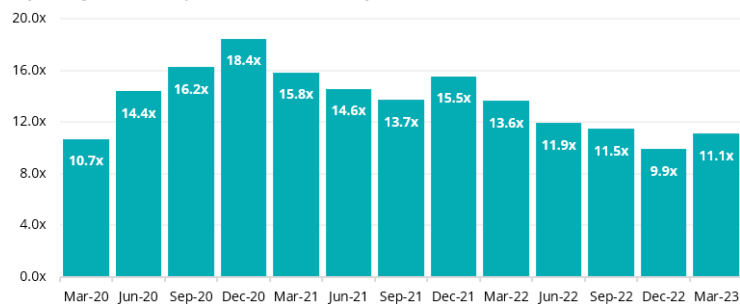
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Allegion Public Limited Company	\$106.73	88	\$9,378	\$11,289	\$3,272	\$718	3.5x	15.7x
Wienerberger AG	\$28.94	112	\$3,234	\$4,250	\$5,230	\$1,091	0.8x	3.9x
Watsco, Inc.	\$318.16	33	\$10,591	\$12,956	\$7,274	\$842	1.8x	15.4x
TOTO Ltd	\$33.21	177	\$5,878	\$5,152	\$5,263	\$624	1.0x	8.3x
Fortune Brands Innovations, Inc.	\$58.73	128	\$7,533	\$9,688	\$4,723	\$1,029	2.1x	9.4x
Masco Corporation	\$49.72	225	\$11,197	\$14,428	\$8,680	\$1,468	1.7x	9.8x
Builders FirstSource, Inc.	\$88.78	138	\$12,253	\$15,662	\$22,726	\$4,267	0.7x	3.7x
Otis Worldwide Corporation	\$84.40	415	\$35,015	\$41,237	\$13,685	\$2,266	3.0x	18.2x
Compagnie de Saint-Gobain SA	\$56.84	516	\$29,319	\$38,327	\$53,807	\$7,697	0.7x	5.0x
Mean				\$16,999	\$13,114	\$2,068	1.7x	9.9x
Median				\$12,956	\$6,877	\$1,060	1.7x	9.4x

Source: FactSet

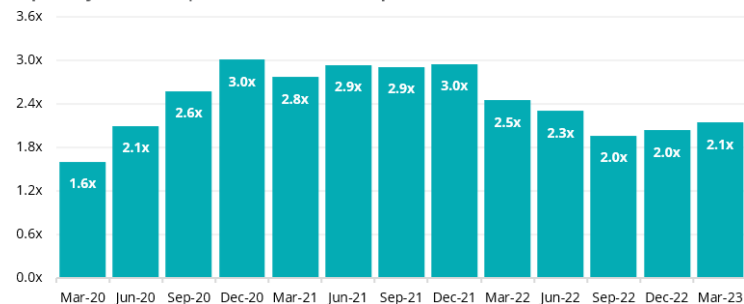
Public Comparables

Specialty Chemicals

Specialty Chemicals | Median EBITDA Multiples



Specialty Chemicals | Median Revenue Multiples



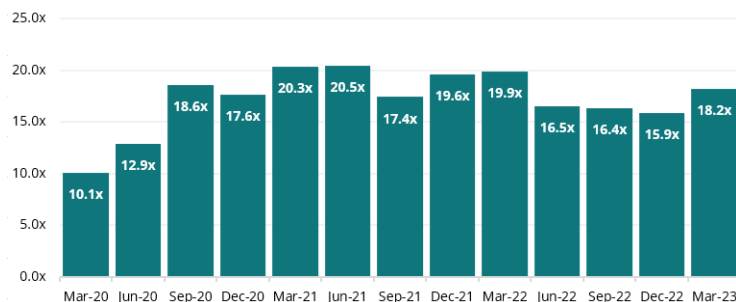
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Albemarle Corporation	\$221.04	117	\$25,905	\$27,966	\$7,320	\$2,802	3.8x	10.0x
Avient Corporation	\$41.16	91	\$3,744	\$5,358	\$3,397	\$471	1.6x	11.4x
Avantor, Inc.	\$21.14	674	\$14,258	\$20,295	\$7,512	\$1,558	2.7x	13.0x
Air Products and Chemicals, Inc.	\$287.21	222	\$63,784	\$69,901	\$12,880	\$3,815	5.4x	18.3x
Ecolab Inc.	\$165.53	284	\$47,087	\$55,537	\$14,188	\$2,548	3.9x	21.8x
Sumitomo Chemical Co., Ltd.	\$3.34	1,656	\$5,537	\$16,404	\$22,691	\$1,787	0.7x	9.2x
LG Chem Ltd.	\$546.91	71	\$38,608	\$53,472	\$40,140	\$4,947	1.3x	10.8x
Linde plc	\$355.44	491	\$174,438	\$189,152	\$33,364	\$10,664	5.7x	17.7x
LyondellBasell Industries NV	\$93.89	326	\$30,607	\$41,754	\$50,379	\$6,402	0.8x	6.5x
Dow, Inc.	\$54.82	705	\$38,642	\$50,998	\$56,902	\$8,089	0.9x	6.3x
Mean				\$53,084	\$24,877	\$4,308	2.7x	12.5x
Median				\$46,376	\$18,439	\$3,309	2.1x	11.1x

Source: FactSet

Public Comparables

Electrical Products

Electrical Products | Median EBITDA Multiples



Electrical Products | Median Revenue Multiples



Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Hubbell Incorporated	\$243.31	54	\$13,042	\$14,154	\$4,948	\$864	2.9x	16.4x
AMETEK, Inc.	\$145.33	230	\$33,467	\$35,682	\$6,151	\$1,820	5.8x	19.6x
Rockwell Automation, Inc.	\$293.45	115	\$33,683	\$37,859	\$7,882	\$1,579	4.8x	24.0x
Emerson Electric Co.	\$87.14	571	\$49,792	\$63,896	\$18,533	\$4,346	3.4x	14.7x
Vestas Wind Systems A/S	\$29.02	1,010	\$29,310	\$29,272	\$15,224	(\$540)	1.9x	NM
Eaton Corp. Plc	\$171.34	398	\$68,193	\$76,917	\$20,752	\$4,195	3.7x	18.3x
Schneider Electric SE	\$166.97	571	\$95,353	\$102,315	\$35,918	\$7,383	2.8x	13.9x
Siemens Energy AG	\$21.99	799	\$17,577	\$17,630	\$31,640	\$916	0.6x	19.2x
Fortive Corp.	\$68.17	353	\$24,078	\$26,794	\$5,826	\$1,471	4.6x	18.2x
Vertiv Holdings Co. Class A	\$14.31	378	\$5,404	\$8,499	\$5,692	\$524	1.5x	16.2x
Mean				\$41,302	\$15,256	\$2,256	3.2x	17.8x
Median				\$32,477	\$11,553	\$1,525	3.2x	18.2x

Source: FactSet

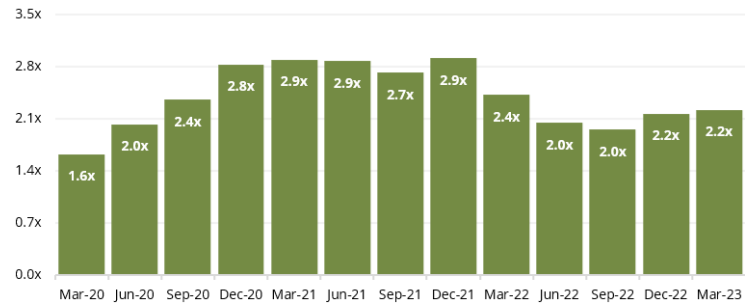
Public Comparables

Diversified Industrials

Diversified Industrials | Median EBITDA Multiples



Diversified Industrials | Median Revenue Multiples



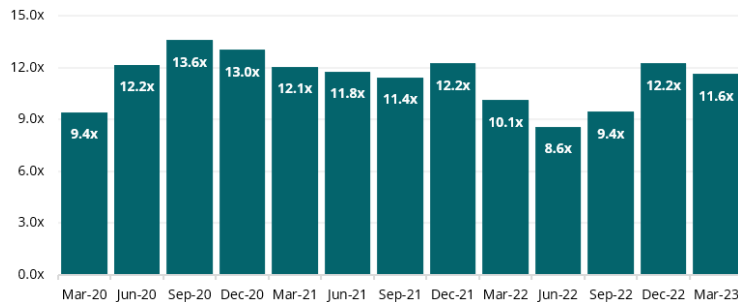
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Trane Technologies plc	\$183.98	229	\$42,145	\$46,247	\$15,992	\$2,769	2.9x	16.7x
Honeywell International Inc.	\$191.12	668	\$127,695	\$138,751	\$35,453	\$8,438	3.9x	16.4x
3M Company	\$105.11	551	\$57,863	\$70,884	\$34,229	\$5,904	2.1x	12.0x
Siemens Aktiengesellschaft	\$162.16	800	\$129,731	\$175,534	\$77,299	\$11,737	2.3x	15.0x
Hitachi,Ltd.	\$54.49	938	\$51,116	\$72,776	\$83,836	\$10,109	0.9x	7.2x
Schindler Holding AG Pref	\$221.22	41	\$9,008	\$21,308	\$11,880	\$1,284	1.8x	16.6x
Illinois Tool Works Inc.	\$243.45	305	\$74,269	\$81,511	\$15,932	\$4,200	5.1x	19.4x
Parker-Hannifin Corporation	\$336.11	128	\$43,111	\$56,366	\$17,182	\$3,449	3.3x	16.3x
Carrier Global Corp.	\$45.75	834	\$38,164	\$44,326	\$20,421	\$4,664	2.2x	9.5x
General Electric Company	\$95.60	1,089	\$104,136	\$115,362	\$76,571	\$7,547	1.5x	15.3x
Mean				\$82,306	\$38,879	\$6,010	2.6x	14.4x
Median				\$71,830	\$27,325	\$5,284	2.2x	15.8x

Source: FactSet

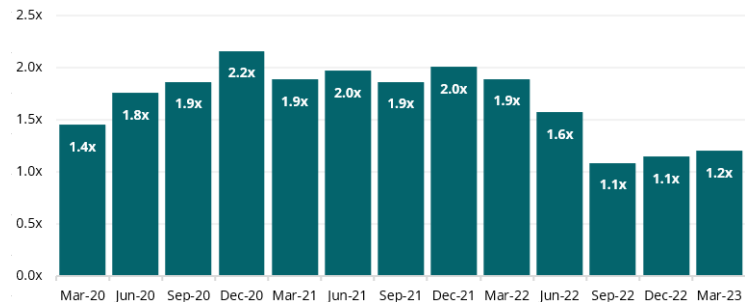
Public Comparables

Tool & Hardware Manufacturing

Tool & Hardware Manufacturing | Median EBITDA Multiples



Tool & Hardware Manufacturing | Median Revenue Multiples



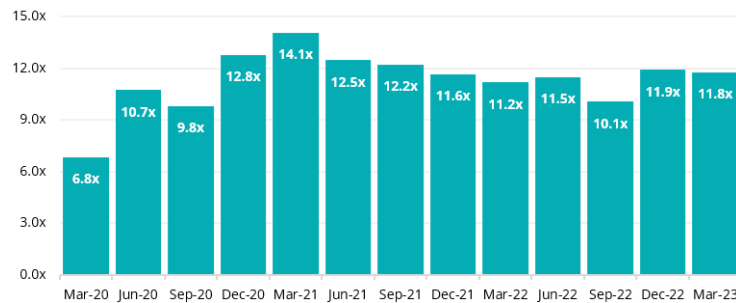
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Albany International Corp. Class A	\$89.36	31	\$2,779	\$2,988	\$1,035	\$250	2.9x	12.0x
Q.E.P. Co., Inc.	\$12.35	4	\$46	\$110	\$442	\$10	0.2x	11.3x
Snap-on Incorporated	\$246.89	53	\$13,113	\$13,647	\$4,843	\$1,306	2.8x	10.4x
Makita Corporation	\$24.64	280	\$6,901	\$7,339	\$5,875	\$535	1.2x	13.7x
Techtronic Industries Co., Ltd.	\$10.81	1,835	\$19,832	\$22,199	\$13,812	\$1,765	1.6x	12.6x
Stanley Black & Decker, Inc.	\$80.58	153	\$12,331	\$19,499	\$16,947	\$1,486	1.2x	13.1x
Ferguson Plc	\$131.68	206	\$27,140	\$32,317	\$29,912	\$3,224	1.1x	10.0x
Sumitomo Corporation	\$17.59	1,252	\$22,015	\$45,955	\$50,672	\$4,821	0.9x	9.5x
W.W. Grainger, Inc.	\$688.81	50	\$34,578	\$37,253	\$15,228	\$2,415	2.4x	15.4x
Toyota Tsusho Corp.	\$42.23	354	\$14,951	\$27,086	\$73,131	\$4,180	0.4x	6.5x
Mean				\$20,839	\$21,190	\$1,999	1.5x	11.5x
Median				\$20,849	\$14,520	\$1,626	1.2x	11.6x

Source: FactSet

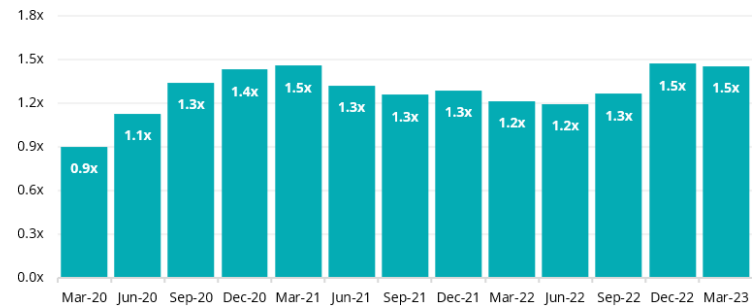
Public Comparables

Heavy Machinery

Heavy Machinery | Median EBITDA Multiples



Heavy Machinery | Median Revenue Multiples



Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Wabash National Corporation	\$24.59	48	\$1,168	\$1,529	\$2,502	\$209	0.6x	7.3x
Hyster-Yale Materials Handling, Inc. Class A	\$49.89	13	\$667	\$1,431	\$3,548	\$75	0.4x	19.2x
China Yuchai International Limited	\$7.89	41	\$322	(\$39)	\$2,667	NA	NM	NM
Toro Company	\$111.16	104	\$11,592	\$12,586	\$4,721	\$724	2.7x	17.4x
AGCO Corporation	\$135.20	75	\$10,119	\$10,964	\$12,651	\$1,591	0.9x	6.9x
Cummins Inc.	\$238.88	141	\$33,772	\$40,804	\$28,074	\$3,468	1.5x	11.8x
CNH Industrial NV	\$15.27	1,344	\$20,527	\$38,637	\$23,552	\$4,891	1.6x	7.9x
Deere & Company	\$412.88	296	\$122,346	\$172,396	\$55,612	\$13,581	3.1x	12.7x
Volvo AB Class B	\$20.62	1,588	\$32,759	\$54,459	\$46,787	\$6,992	1.2x	7.8x
Caterpillar Inc.	\$228.84	516	\$118,161	\$148,751	\$59,427	\$11,342	2.5x	13.1x
Mean				\$48,152	\$23,954	\$4,764	1.6x	11.6x
Median				\$25,611	\$18,102	\$3,468	1.5x	11.8x

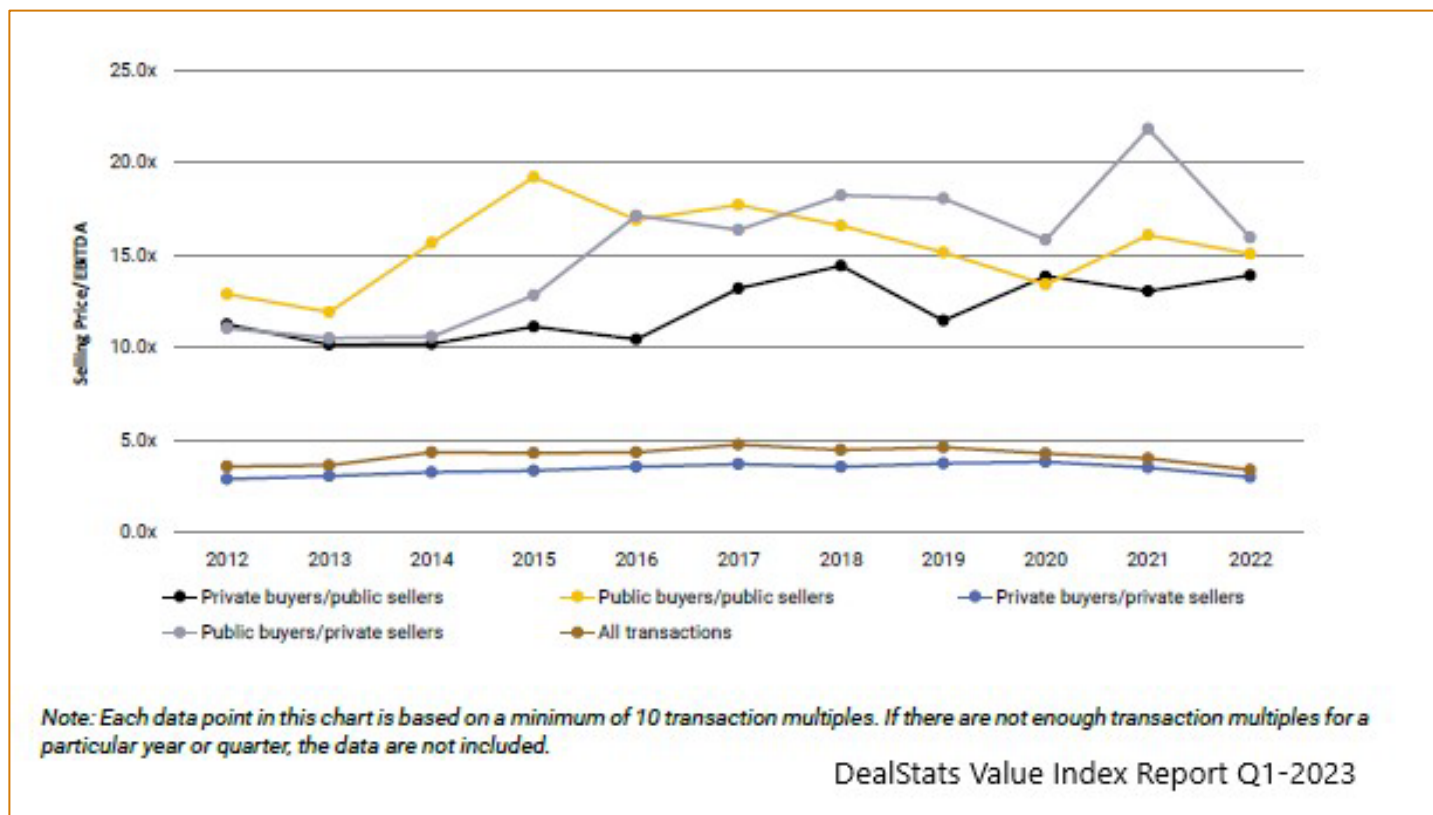
Source: FactSet

Public Vs. Private Comparables

Valuation Premiums Can Be Considerable

Regardless of industry, publicly traded companies often trade at premium valuations to privately held companies. This is reflected in M&A transactions and can lead to unrealistic value expectations for some business owners. The chart below illustrates this variance and shows that the variance has been both long term and growing.

Transactions between private buyer and private seller tend to be small by comparison and thus do not benefit from a “size” premium that is associated with transactions in general. While this chart does not breakout private equity transactions, our analysis indicates those transactions usually fall between public and private and move closer to public as size increases.





CFA Overview

About CFA

Who We Are / What We Do

Corporate Finance Associates (CFA) is an independent international investment banking firm serving middle-market businesses. For over 60 years Corporate Finance Associates has been advocating on behalf of business owners who are restructuring a company, either through divestiture, merger, acquisition or recapitalization. Combining the knowledge and leverage of a larger bank with the customer focused detail of a boutique firm, from inception to completion, our senior principals provide hands-on expertise to clients buying, selling or recapitalizing a business.

This Industrials Industry Practice Group was established to draw on the experience of CFA advisors, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.



Sell-Side Advisory

Whether as a divestiture strategy or a recapitalization strategy selling all or part of a business requires equal parts creative thinking, critical analysis, expert advice, sound planning and flawless execution. Having the right team of investment banking professionals working for you is critical to ensure success.



Capital Markets

Our commitment to remaining independent from any investment or lending affiliates ensures that we deliver unbiased guidance. It also promotes maximum competition among lending sources, helping to fully leverage value for our clients. Our role is to help you raise the type of capital that best fits your needs.



Buy-Side Advisory

Growth through acquisition is a complex process. It involves strategy, planning, critical analysis, coordination and negotiation. When you want to take advantage of the fast growth offered by a consolidation or roll-up, CFA's broad reach, sources of financing and efficient closings can help you achieve your business growth goals.



Financial Advisory

Now that you have made the decision to raise capital for your business, choosing the right investment banker is critical. Whether you are buying out a partner, financing an acquisition or seeking growth capital, CFA is the right choice to help you achieve your financing goals.



Exit Planning

Every business will ultimately undergo a transfer via sale or merger, a charitable donation, a transfer to a child or relative or even bankruptcy, liquidation or death. Every ownership transfer carries with it a unique set of consequences and the best consequences usually begin with a clearly defined exit plan.



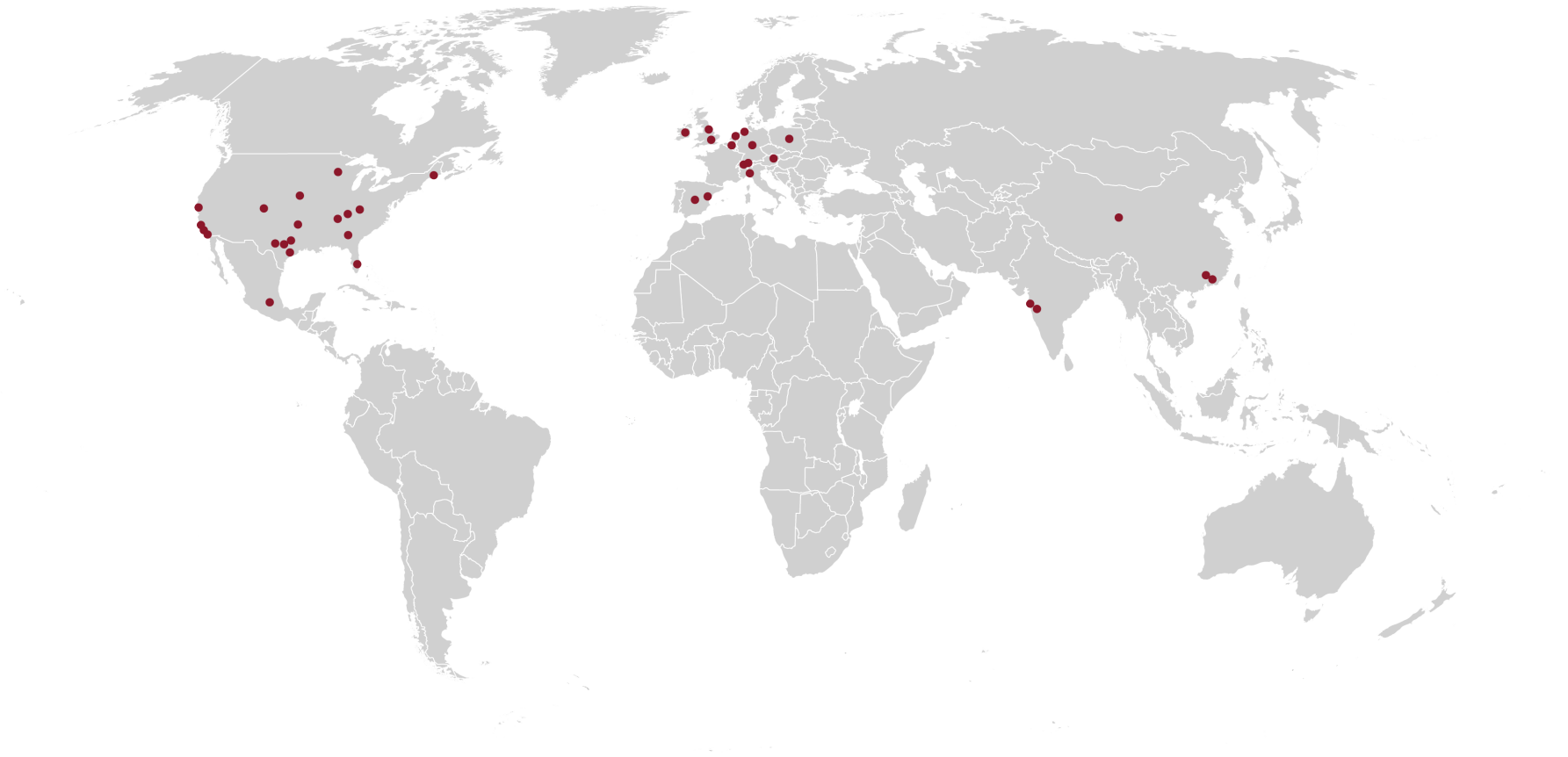
Business Valuation

"What is my business worth" is a question we often hear from business owners contemplating a business sale, merger or recapitalization. Answering this question depends on many factors, including the business valuation methods that are employed in the calculation.

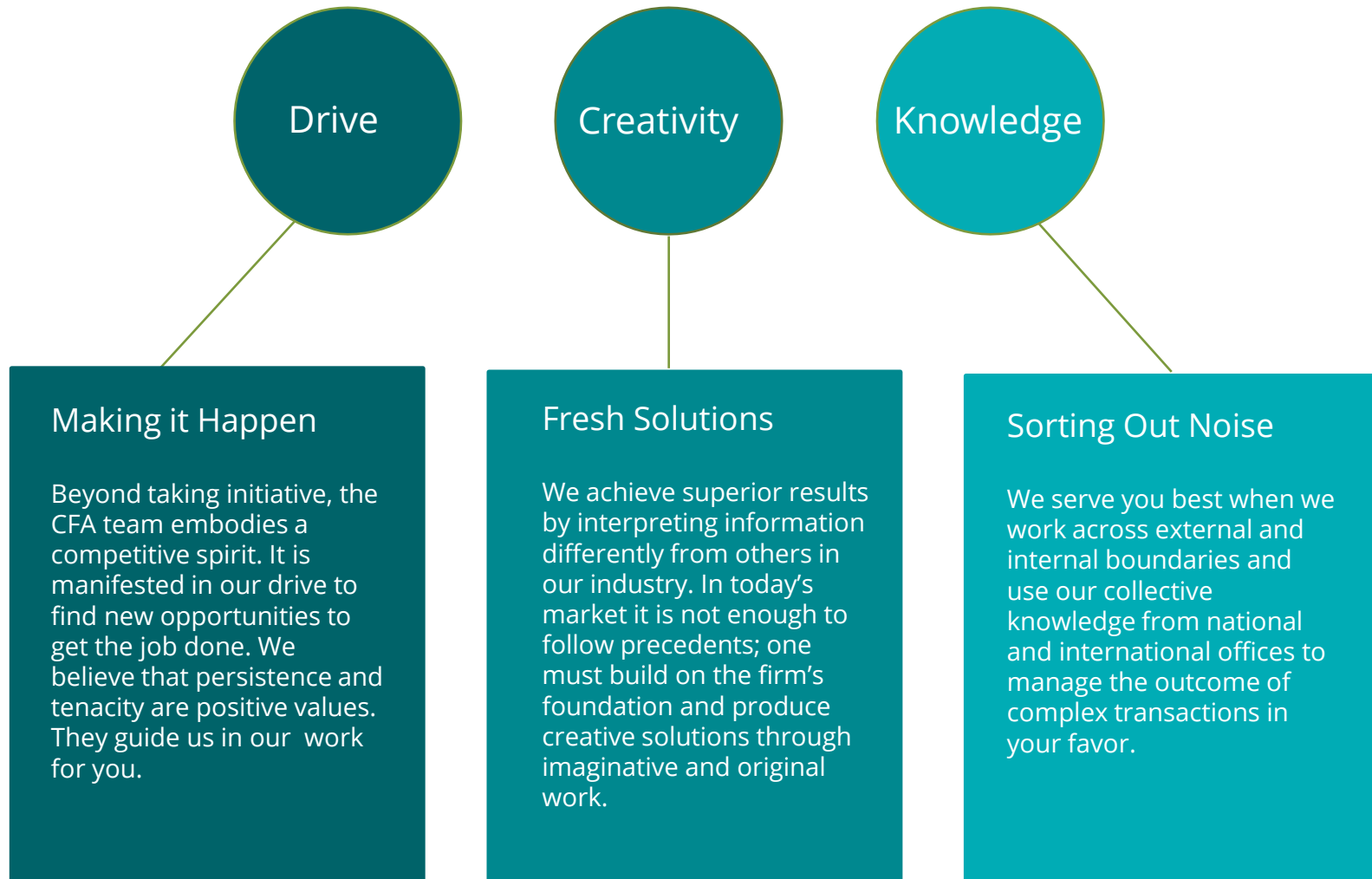
Local Service, Global Reach

Where We Are

With offices across the USA and in Austria, Belgium, Germany, Hong Kong, India, Ireland, Italy, Mexico, Netherlands, Poland, Spain, Switzerland and the United Kingdom providing middle-market companies with a wide range of M&A, financial advisory services and access to capital resources.



Delivering Results



Founded in 1956 • 70 Managing Directors • 37 Offices Worldwide • Billions in M&A Transactions

Worldwide Transactions

The following table summarizes the transactions shown in the image, organized by row and column. Each entry includes the company name, the nature of the transaction, and the role of Corporate Finance Associates (CFA).

Transaction	Role of CFA
LAKE212 (Be Smart) has been acquired by TRANSPLACÉ (A Florida Company of GREENBRIAR EQUITY GROUP LLC). The undersigned initiated and acted as exclusive financial advisor to the seller in the transaction.	Initiated and acted as exclusive financial advisor to the seller.
Harrison Pet Products Inc. has been acquired by bosch Tiernahrung GmbH & Co. KG . The undersigned initiated and acted as financial advisor in the transaction.	Initiated and acted as financial advisor.
CHARTER BUS LINES of British Columbia has merged with TRAXX COACHLINES . The undersigned initiated and acted as financial advisor in the transaction.	Initiated and acted as financial advisor.
EWEN ENGINEERING (United Kingdom) has been acquired by VELJAN (India). CFA London initiated and acted as advisor to the seller in the transaction.	Initiated and acted as advisor to the seller.
neratec (Austria) has been acquired by WESTERMO (a division of Beijer RECHTEK Sweden). CFA Zurich initiated and acted as advisor to the seller in the transaction.	Initiated and acted as advisor to the seller.
ONING ASSOCIATION has been acquired by INDEFF . The undersigned initiated and acted as advisor to the seller in the transaction.	Initiated and acted as advisor to the seller.
FUN COMPANY Luis has been acquired by BERKSHIRE HATHAWAY . The undersigned acted as an advisor to the seller in the transaction.	Acted as an advisor to the seller.
CERVA (Czech Republic) has acquired GROUP TB (Spain). CFA Dublin initiated and acted as advisor to the seller in the transaction.	Initiated and acted as advisor to the seller.
South Coast Sales (division of SASTA Ireland) has been acquired by BASTA (Ireland). CFA Dublin initiated and acted as advisor to the seller in the transaction.	Initiated and acted as advisor to the seller.
CyberMetric has been acquired by SGS (SGSN). The undersigned initiated and acted as financial advisor in the transaction.	Initiated and acted as financial advisor.
TRIO SUPPLY COMPANY has been acquired by Office DEPOT . The undersigned initiated the transaction and acted as the exclusive investment banker to the seller.	Initiated and acted as exclusive investment banker to the seller.
creamedix BIOLAB (Germany) has been acquired by WESTLAKE PARTNERS (China). CFA Zurich initiated and acted as exclusive investment banker to the seller in the transaction.	Initiated and acted as exclusive investment banker to the seller.
CORAL SPRINGS ANIMAL HOSPITAL has been acquired by encore VET GROUP . The undersigned initiated the transaction and acted as the exclusive investment banker to the seller.	Initiated and acted as exclusive investment banker to the seller.
FAICHI (San Jose, California) has been acquired by SAKSOFT (East Coast Financial Services, Pwarr, India and Jersey City, New Jersey). The undersigned initiated and acted as exclusive investment banker to the seller in the transaction.	Initiated and acted as exclusive investment banker to the seller.
DGARI Grupo Dgari has been acquired by Dr.Oetker . The undersigned initiated and acted as exclusive financial advisor to the shareholders of Grupo Dgari in the transaction.	Initiated and acted as exclusive financial advisor to the shareholders.
tyco has been acquired by PEMEX . A member of the Financial Services Industry Practice Group was the exclusive advisor to Earth Tech Mexico S.A. in the transaction.	Member of the Financial Services Industry Practice Group, exclusive advisor to Earth Tech Mexico S.A.
Restaurants Sudamerica, L.C. (exclusive operator of Burger King in Argentina and Chile) has been acquired by Alsea . A member of the Food & Beverage Industry Practice Group acted as exclusive financial advisor to Alsea.	Member of the Food & Beverage Industry Practice Group, acted as exclusive financial advisor to Alsea.
HeadFirst has acquired STERIKSEN . Fully Backed by KARTESIA . Legal Advisor HOBRIUS CLEMENT . CFA Amsterdam initiated and acted as advisor to the buyer in the transaction.	Initiated and acted as advisor to the buyer.
MEDI PRODUCTIONS has been acquired by Carus (a division of KE). The undersigned was the exclusive advisor to the seller in the transaction.	Acted as the exclusive advisor to the seller.
MINT ARCHITECTURE (Sweden) has been acquired by APP (architekten ingenieurs Austria). CFA Zurich initiated and acted as advisor to the seller in the transaction.	Initiated and acted as advisor to the seller.
AMT APPLIED MEDICAL TECHNOLOGY (United Kingdom) has been acquired by CANE (a division of UPL). The undersigned initiated and acted as advisor to the seller in the transaction.	Initiated and acted as advisor to the seller.
CERQUISA (Spain) has been acquired by UPL . CFA London initiated and acted as advisor to the seller in the transaction.	Initiated and acted as advisor to the seller.
SPEAR (Canada) has been acquired by FM LOGISTIC . The undersigned acted as financial advisor in the transaction.	Acted as financial advisor.
exult. has been acquired by newgen KnowledgeWorks . The undersigned initiated and acted as advisor in the transaction.	Initiated and acted as advisor.

Industry Practice Groups

Industrials



The Industrials Industry Group is a multi-disciplinary team of investment banking advisors within Corporate Finance Associates. Collectively, the Industrials Practice Group advises companies in all sectors of the industrials industry regarding mergers, acquisitions, recapitalizations, and financial resources. This Practice Group is comprised of advisors with extensive experience working with companies in the industrials industry. We specialize in advising middle market companies in the following sectors:

- Diversified Industrials
- Automotive & Automotive After Market
- Industrial Services
- Industrial Minerals & Specialty Chemicals
- Building Products
- Security & Safety

Whether you want to acquire, merge, sell, or finance, let CFA's industry knowledge, international resources and proven dealmaking skills work for you. We research, identify, qualify, advocate, negotiate and help steer you through the mine fields of due diligence to maximize your value and secure your objective.


Aerospace/Defense/Government
Agriculture
Animal Health
Business Services
Commercial Real Estate
Consumer Retail
Energy
Engineering/Construction
Financial Services & FinTech
Food/Beverage
Healthcare/Life Sciences
Industrials
Metal Fabrication
Print/Packaging
Semiconductors
Technology/Media/Telecom
Transportation/Logistics/Supply Chain
Wholesale Distribution

Recent Industry Transactions

<p><i>This announcement appears as a matter of record only</i></p>  <p>together with the previous shareholder and management has acquired 100% of</p>  <p><i>Professionelle Reinigungsgeräte Welzheim, Germany</i></p> <hr/> <p><i>CFAW Frankfurt and CARL jointly acted as exclusive M&A advisors to the sellers in a structured global sales process</i></p> <hr/> <p>cfa CORPORATE FINANCE ASSOCIATES <small>WORLDWIDE</small> Since 1956</p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>Midland, Texas</p> <p>has been acquired by</p>  <p>Philadelphia, Pennsylvania</p> <hr/> <p><i>The undersigned acted as exclusive investment banking advisor to the seller</i></p> <hr/> <p>cfa CORPORATE FINANCE ASSOCIATES <small>WORLDWIDE</small> <i>Securities transacted through Silver Oak Securities, Inc. Silver Oak Securities, Inc. and Corporate Finance Associates are unrelated entities.</i></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>has been acquired by</p>  <p>Baltimore, Maryland and Waconia, Minnesota</p> <hr/> <p><i>CFAW Zurich supported by CFAW Hong Kong initiated and acted as advisor to the seller in the transaction</i></p> <hr/> <p>cfa CORPORATE FINANCE ASSOCIATES <small>WORLDWIDE</small> Since 1956</p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>Detroit, Michigan</p> <p>has acquired</p>  <p>Baltimore, Maryland and Waconia, Minnesota</p> <hr/> <p><i>The undersigned initiated the transaction and acted as the exclusive investment banking advisor to the acquirer</i></p> <hr/> <p>cfa CORPORATE FINANCE ASSOCIATES <small>WORLDWIDE</small> <i>Securities transacted through Silver Oak Securities, Inc. Silver Oak Securities, Inc. and Corporate Finance Associates are unrelated entities.</i></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>Salt Lake City, Utah A Portfolio Company of</p>  <p>has acquired</p>  <p>Omaha, Nebraska</p> <hr/> <p><i>The undersigned initiated and acted as an advisor to the acquirer</i></p> <hr/> <p>cfa CORPORATE FINANCE ASSOCIATES <small>WORLDWIDE</small> <i>Securities transacted through Silver Oak Securities, Inc. Silver Oak Securities, Inc. and Corporate Finance Associates are unrelated entities.</i></p>
<p><i>This announcement appears as a matter of record only</i></p>  <p>has acquired</p>  <hr/> <p><i>CFAW Zürich initiated and acted as advisor to the buyer in the transaction</i></p> <hr/> <p>cfa CORPORATE FINANCE ASSOCIATES <small>WORLDWIDE</small> Since 1956</p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>has been acquired by</p>  <p>a portfolio company of</p>  <hr/> <p><i>The undersigned initiated the transaction and acted as the exclusive investment banker to the seller</i></p> <hr/> <p>cfa CORPORATE FINANCE ASSOCIATES <small>WORLDWIDE</small> <i>Securities transacted through Corporate Finance Securities, Inc.</i></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>The Shareholders of Achilles Seibert GmbH</p>  <p>Henstedt-Ulzburg</p> <hr/> <p><i>have arranged the company succession from within the family and thus laid the foundation for the continued growth of the company.</i></p> <hr/> <p><i>CFAW Frankfurt advised the shareholders on the family succession</i></p> <hr/> <p>cfa CORPORATE FINANCE ASSOCIATES <small>WORLDWIDE</small> Since 1956</p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>Pella, Iowa</p> <p>has been acquired by</p>  <p>Columbus, Ohio</p> <hr/> <p><i>The undersigned initiated and acted as the exclusive investment banker to the seller in the transaction</i></p> <hr/> <p>cfa CORPORATE FINANCE ASSOCIATES <small>WORLDWIDE</small> <i>Securities transacted through Silver Oak Securities, Inc. Silver Oak Securities, Inc. and Corporate Finance Associates are unrelated entities.</i></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p>Simach, Switzerland</p> <p>has been acquired by</p>  <p>Munich, Germany</p> <hr/> <p><i>CFAW Zurich initiated and acted as advisor to the seller in the transaction</i></p> <hr/> <p>cfa CORPORATE FINANCE ASSOCIATES <small>WORLDWIDE</small> Since 1956</p>

Recent Industry Transactions

This announcement appears as a matter of record only



has been acquired by

Incodema Inc.
Employee Stock Ownership Plan

The undersigned initiated and acted as financial advisor to the company

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Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only

Diabrasive AG


has acquired a majority stake in



The undersigned initiated and acted as advisor to the sellers in the transaction

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Since 1956

This announcement appears as a matter of record only



has been acquired by



The undersigned initiated and acted as the investment banker for the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only



has been acquired by



The undersigned initiated and acted as advisor to the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only



has been acquired by



Engined Capital, LLC

The undersigned initiated and acted as the investment banker for the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only



has been acquired by



The undersigned initiated and acted as exclusive financial advisor to the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only



has been acquired by



The undersigned initiated and acted as advisor to the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only



has acquired



The undersigned initiated and acted as the investment banker for the acquirer in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Silver Oak Securities, Inc.

This announcement appears as a matter of record only



has been acquired by



The undersigned initiated and acted as advisor to Great Lakes Fasteners in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only



has been acquired by



CFAW Zurich initiated and acted as advisor to the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

Recent Industry Transactions

This announcement appears as a matter of record only



has been acquired by





The undersigned initiated and acted as advisor to the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only



has acquired the assets of




The undersigned initiated and acted as financial advisor in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only

Carr Metal Products Group

Has Been Acquired By



The undersigned initiated and acted as advisor in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only



has been acquired by



and



The undersigned initiated and acted as the exclusive investment banker for the seller

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Silver Oak Securities, Inc.

This announcement appears as a matter of record only



has been acquired by



The undersigned initiated and acted as advisor to the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only



has been acquired by



a portfolio company of




The undersigned initiated and acted as advisor to the seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only




has obtained financing from



The undersigned initiated and acted as financial advisor in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only



Nuveau Designs, LTD

has been acquired by

Gary M. Day, Inc.


The undersigned initiated and acted as advisor in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only

James E. Baker and Associates, LLC

has obtained permanent financing from



Wells Fargo Bank

The undersigned initiated and acted as financial advisor in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Since 1956

This announcement appears as a matter of record only

TAG-BARTON, LLC
Troy, Michigan

has acquired a majority interest in



Decatur, Illinois

The undersigned initiated and acted as advisor to the Seller in the transaction

cfa | CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.